



Twelve months preliminary results (three and twelve months ended December 31, 2000)

Budapest, February 14th, 2001

Revenues up by 24.1%, operating income down by 13.3%

Graphisoft achieved 9.2 million EUR in revenues in the last quarter of 2000, and 31.9 million EUR for the whole year. The smaller than usual sales boost in December coupled with higher than planned costs of integration of new acquisitions and higher than expected costs of restructuring, caused operating profit to decrease by 13.3%. The achieved 4.1 million EUR operating income is significantly below the number disclosed in the 4th January profit warning.

In addition, based on their financial position, a revaluation among Graphisoft's minority, non-consolidated investments was also necessary. This adjustment resulted in a 900 thousand EUR extraordinary expense, which almost entirely offset the foreign exchange gains and interest income earned during the year. Thus, unlike in previous years, net income only slightly exceeded operating profit, and was lower than last year.

Key figures*	12 months ended December 31				3 months ended December 31			
	Organic business		With new acquisitions		Organic business		With new acquisitions	
	2000	Change	2000	Change	2000	Change	2000	change
Revenues	28,970	12.6 %	31,914	24.1%	8,098	-4.8%	9,201	8.1%
Gross profit	24,309	15.2%	27,001	27.9%	7,011	2.2%	7,982	16.4%
Operating expenses	19,461	18.5%	22,936	39.7%	5,683	24.0%	6,780	48.0%
Operating income	4,848	3.3%	4,065	-13.3%	1,328	-41.6%	1,202	-47.2%
EBITDA	6,401	6.7%	5,985	-0.2%	1,723	-36.1%	1,721	-36.1%
Net income	5,035	-9.7%	4,268	-23.5%	569	-75.6%	453	-80.6%
Net income per share (€/share)	0.48	-8.3%	0.40	-22.2%	0.05	-75.6%	0.04	-80.6%

* All amounts in thousands of EUR, earnings per share in EUR. Unaudited.

Graphisoft's revenues were relatively steady throughout 2000 and the usual sales surge of November and December failed to come. Besides the temporary market slowdown that vendors in the IT sector experienced last year, the upgrade cycle of ArchiCAD, the Company's flagship product, adversely effected the growth of revenues in the last quarter of the year.

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Quarterly breakdown of revenues in percentage of the whole year

	Three months ended				Total
	March	June	September	December	
Revenues in 1999	22.4%	23.1%	21.4%	33.1%	100.0%
Revenues in 2000	22.6%	25.8%	22.8%	28.8%	100.0%

Increasing by 7.5% and 18.6%, respectively in the three and twelve month terms, Europe contributed close to two thirds of the Company's worldwide revenues. North America and the Asia/Pacific region grew more dynamically, by 35.1% and 31.3%, respectively, through the year, and contributed by 19.7% and 15.6% to consolidated sales.

The Group's new building management, building services software and GDL object tools achieved 11.9% of revenues or 3.8 million EUR.

As a consequence of Graphisoft's expansion to new markets with new products and new subsidiaries, operating expenses grew faster than sales through the whole year. This is especially true in the fourth quarter of year 2000, when the Company began to reorganize some of its operating entities. Research and development costs almost doubled this year, and were 5.1 million EUR or 16.0% of revenues in the twelve months ended December 2000. The expense increase is the result of a 33% staff expansion, higher compensation levels and the realization of previously capitalized software development costs. Sales and marketing charges grew by 29.7% through the year and by 36.2% in last quarter. Their growth is attributable to a 30% increase in staffing levels as well as to higher spending in the marketing of the Company's new products.

While operating income showed a modest growth in the organic business segment in the twelve months ended December, together with new acquisitions the Group had to book 13.3% decrease compared to same period of 1999. The exceptionally high profits registered in the final quarter of 1999 – Graphisoft earned close to 50% of its operating income in that quarter – provide a distorted basis for comparison for the corresponding quarter in 2000.

Quarterly breakdown of operating income in percentage of the whole year

	Three months ended				Total
	March	June	September	December	
Operating income 1999	27.1%	19.5%	4.9%	48.5%	100.0%
Operating income 2000	30.9%	25.7%	13.8%	29.6%	100.0%

Changes in the corporate organization

In line with its expansion strategy, Graphisoft initiated several major changes in its corporate and management structure in 2000. In order to streamline its US operations, the company placed its ArchiCAD and facility management businesses under common control as of February 01, 2001. This way the synergic effects of the two businesses can be better utilized, coupled with more effective cost control. Graphisoft

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UK has been relocated to Bristol, where CYMAP, the Company's recently acquired building services subsidiary is operating. As for the object publishing business, a new subsidiary was established at the end of the year with all rights and obligations to expand GDL technology worldwide. The major part of this reorganization work was accomplished in December 2000 and January 2001.

Summary of year 2000

The Company maintained its 19 years of uninterrupted double-digit profitability, but the disappointing year-end results prompted management to act fast in implementing measures such as more stringent cost control. On the positive side, the market confirmed that the Company's strategy that was put in motion three years ago is viable, and we have already seen the results. Graphisoft will continue its expansion from an architectural CAD software development firm into a leading information technology provider for the entire \$3.2 trillion construction industry.

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Consolidated Balance Sheet

(All amounts in TEUR)

	Period		
	ended Dec. 31, 2000 (un-audited)	ended Sep. 30, 2000 (un-audited)	ended Dec. 31, 1999 (audited)
• ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	4,978	4,969	3,723
Short-term investments ¹	9,946	11,110	14,475
Accounts receivable, net	8,799	7,681	7,673
Inventories	1,054	1,020	1,070
Other receivables	2,110	2,140	2,105
<i>Total current assets</i>	26,887	26,920	29,046
LONG TERM ASSETS:			
Property, plant and equipment, net	15,843	14,872	11,431
Intangible assets, net	3,784	3,869	1,520
Other	553	1,515	767
<i>Total fixed assets</i>	20,180	20,256	13,718
<i>Assets total</i>	<u>47,067</u>	<u>47,176</u>	<u>42,764</u>
• LIABILITIES AND SHAREHOLDERS			
EQUITY			
CURRENT LIABILITIES:			
Bank loans and overdrafts	28	0	285
Accounts payable and accrued expenses	3,357	3,789	2,757
Deferred income	850	765	419
<i>Total current liabilities</i>	4,235	4,554	3,461
Minority interest	6	5	5
SHAREHOLDERS' EQUITY:			
Share capital (10,631,674 shares outstanding)	243	243	243
Additional paid in capital	19,838	19,843	20,260
Treasury stocks (321,727 / 325,062 / 414,800 shares in portfolio)	(4,283)	(4,327)	(5,522)
Retained earnings	35,065	34,613	30,798
Other comprehensive income	(8,037)	(7,755)	(6,481)
<i>Total shareholders' equity</i>	42,826	42,617	39,298
<i>Liabilities total</i>	<u>47,067</u>	<u>47,176</u>	<u>42,764</u>

¹ 3.3 million out of Graphisoft's short-term investments is pledged, in the framework of an option agreement, to acquire new technology in the nearby future.

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Consolidated Statement of Operations

(All amounts in thousand EUR. Per share figures are in EUR; 12 months ended Dec. 31, 1999 is audited, other figures are un-audited)

	3 Months ended Dec. 31, 2000	3 Months ended Dec. 31, 1999	12 Months ended Dec. 31, 2000	12 Months ended Dec. 31, 1999
● REVENUES	9,201	8,510	31,914	25,720
● COST OF REVENUES	1,219	1,653	4,913	4,611
● GROSS PROFIT	7,982	6,857	27,001	21,109
● OPERATING EXPENSES				
Sales and marketing	3,603	2,646	11,609	8,954
Research and development	1,514	655	5,098	2,627
General and administrative	1,525	1,237	5,754	4,665
Amortization of goodwill	138	44	475	172
<i>Total Operating Expenses</i>	6,780	4,582	22,936	16,418
● OPERATING INCOME	1,202	2,275	4,065	4,691
Interest and other income (expense), net	(625)	184	(234)	537
Foreign currency transaction gain (loss), net	191	188	1,396	1,039
● INCOME BEFORE INCOME TAXES	768	2,647	5,227	6,267
Provision for income taxes	315	317	959	690
● NET INCOME	453	2,330	4,268	5,577
Number of shares for basic EPS, thousands	10,310	10,292	10,288	10,473
● BASIC EARNINGS PER SHARE (EUR/Share)	0.04	0.23	0.41	0.53
Number of shares for diluted EPS, thousands	10,397	10,389	10,541	10,711
● DILUTED EARNINGS PER SHARE (EUR/Share)	0.04	0.22	0.40	0.52

Statement of Changes in Consolidated Shareholders' Equity

(all amounts in thousand EUR; December 31, 1999, is audited, December 31, 2000, is un-audited)

	Share capital	Share premium	Treasury stock	Retained earnings	Other com- prehensive income	Share- holders' Equity
As of December 31, 1999: 10,631,674 shares issued						
414,800 treasury stocks in portfolio	243	20,260	(5,522)	30,798	(6,481)	39,298
Issuance of 93,073 from treasury stocks		(422)	1,239			817
Unrealized loss on available for sale securities					(44)	(44)
Translation adjustment					(1,512)	(1,512)
Net income				4,268		4,268
Minority interest				(1)		(1)
As of December 31, 2000: 10,631,674 shares issued						
321,727 treasury stocks in portfolio	<u>243</u>	<u>19,838</u>	<u>(4,283)</u>	<u>35,065</u>	<u>(8,037)</u>	<u>42,826</u>

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Consolidated Statement of Cash Flow

(All amounts in TEUR)

	12 months ended Dec. 31, 2000 un-audited	12 months ended Dec. 31, 1999 audited
● CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	4,268	5,577
Depreciation	1,920	1,307
Revaluation of trade securities	99	(49)
Revaluation of investments	900	0
Non-cash compensation	22	22
Operating income before reinvesting in working capital	7,209	6,857
(Increase), decrease in trade receivables	(1,126)	(2,045)
(Increase), decrease in trading securities	4,430	5,657
(Increase), decrease in other receivables	(5)	(1,136)
(Increase), decrease in inventories	16	243
Increase, (decrease) in accounts payable and accrued expenses	321	520
Increase, (decrease) in deferred income	431	113
Current year translation adjustment	(1,106)	(574)
Cash provided by operating activities	10,170	9,635
● CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(2,926)	(1,685)
Purchase of property, plant and equipment	(6,464)	(3,885)
Disposal of property, plant and equipment	343	161
(Increase) decrease in long term investments	(686)	(767)
Purchase of treasury stocks	0	(5,594)
Increase (decrease) in minority interest	1	2
Cash used in investing activities	(9,732)	(11,768)
● CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds of share offerings, option exercising	817	222
Net cash provided by (+) used in (-) financing activities	817	222
Net cash increase, (decrease)	1,255	(1,911)
● CASH AT THE BEGINNING OF THE PERIOD	3,723	5,634
● CASH AT THE END OF THE PERIOD	<u>4,978</u>	<u>3,723</u>

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Staff

	31. Dec. 2000	30. Sep. 2000	30. June 2000	31. Dec. 1999
Sales and Marketing	95	98	95	73
Research and Development	117	116	106	88
General and Administrative	78	75	77	72
Employees Total	290	289	278	233

Shareholder structure

	as of 12/31/2000	as of 12/31/1999
Management Board	48.6%	54.2%
- Gabor Bojar	24.6%	27.6%
- Istvan Gabor Tari	10.1%	11.3%
- Tamas Hajas	5.8%	6.2%
- Other members of the management board	8.1%	9.1%
Supervisory Board	0.1%	0.1%
Employees	9.55%	10.8%
Treasury	3.0%	3.9%
Free float	38.75%	31.0%
Total	100.0%	100.0%
Number of shares outstanding	10,631,674	10,631,674
Number of shares in treasury stock	(321,727)	(414,800)

Basis of consolidation

The financial statements presented consist of the accounts of Graphisoft N.V. consolidated with the following subsidiaries:

Graphisoft R&D Rt. (Hungary)	90.21%
Graphisoft Deutschland GmbH	100.00%
Graphisoft U.S., Inc	100.00%
Graphisoft Japan K.K.	100.00%
Graphisoft U.K.	100.00%
Graphisoft CAD Studio (Hungary)	92.00%
ArchiCAD Espana	100.00%
Graphisoft Brazil	90.00%
Archisoft Chile	100.00%
CYMAP Ltd. (U.K.)	95.00%
CADWorks Inc. [Drawbase] (U.S.)*	100.00%
GDL Technologies (Hungary)	100.00%

* Drawbase's results of operations are consolidated since March 1, 2000.